

EXPORT RÅDDET

SWEDISH TRADE COUNCIL

The Telecom Market in Argentina

FACT PACK

Swedish Trade Council in Argentina
2008

THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

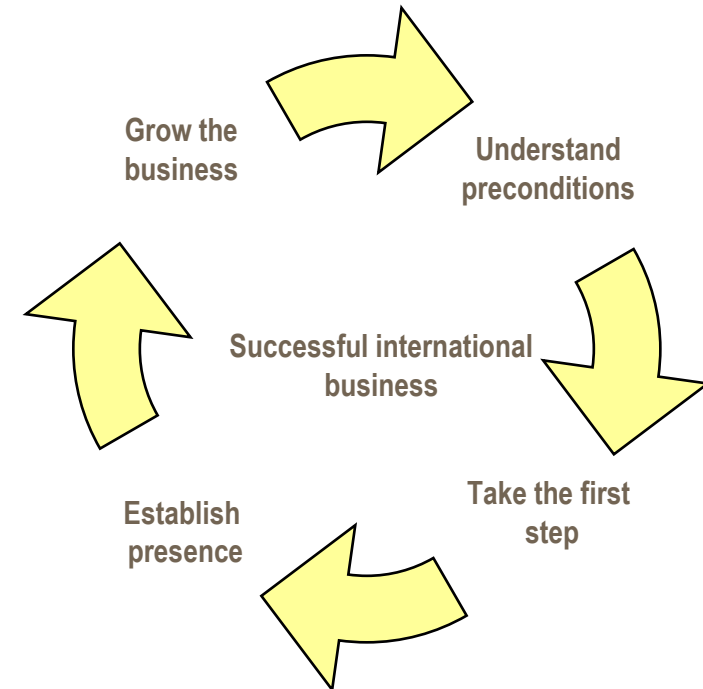
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

Argentina:

- Office in Buenos Aires
- 5 employees



Vision of the office:

STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Argentina

ARGENTINA IN BRIEF

Area: 2 791 810 km²

Inhabitants: 39.3 million

Constitution: Democratic republic

Head of State: President Cristina Fernandez de Kirchner

Languages: Spanish (official), English often spoken in business

Inhabitants per km²: 14/km²

Currency: Peso

GDP 2007: 255 758 MUSD (estimated)

GDP per capita 2007: 6 500 USD (estimated)

Inflation 2007: 8.8% (National Bureau of Statistics)

Main exports: Agriculture products, industrialized agriculture products, petroleum

Main imports: machinery, equipment, intermediate products

Swedish Exports to Argentina 2007: 1 687 MSEK (Up to November)

Swedish imports from Argentina 2007: 343 MSEK (Up to November)

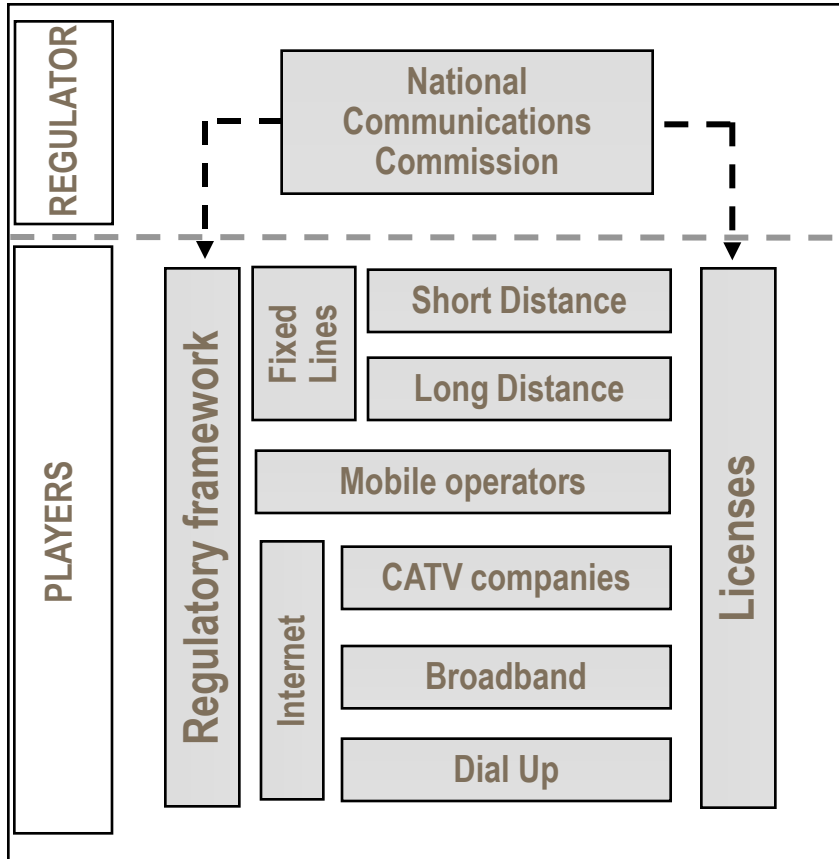


Source: CIA world Factbook, Indec, STC Trade Profiles

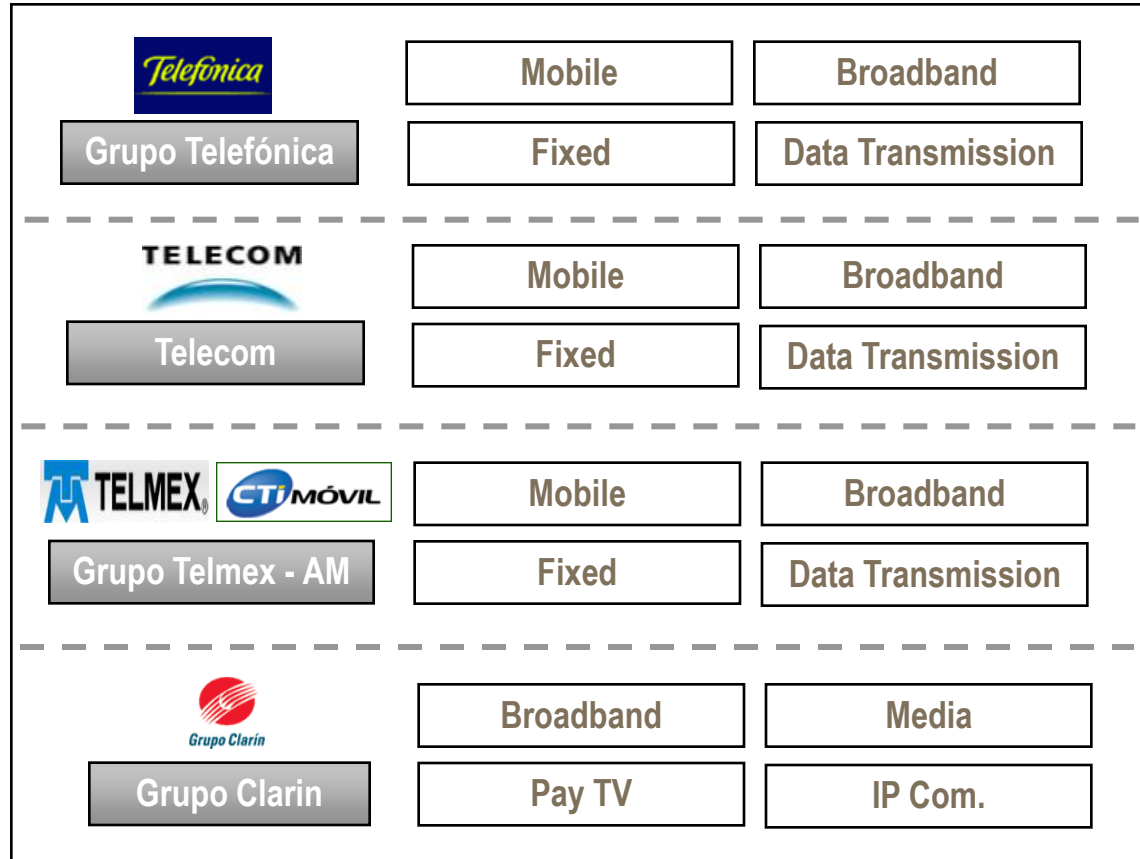
STRUCTURE OF ARGENTINE COMMUNICATIONS SECTOR

- Only a few relevant players throughout a complex industry

Industry structure in Argentina



Major companies within the Telecom sector in Argentina

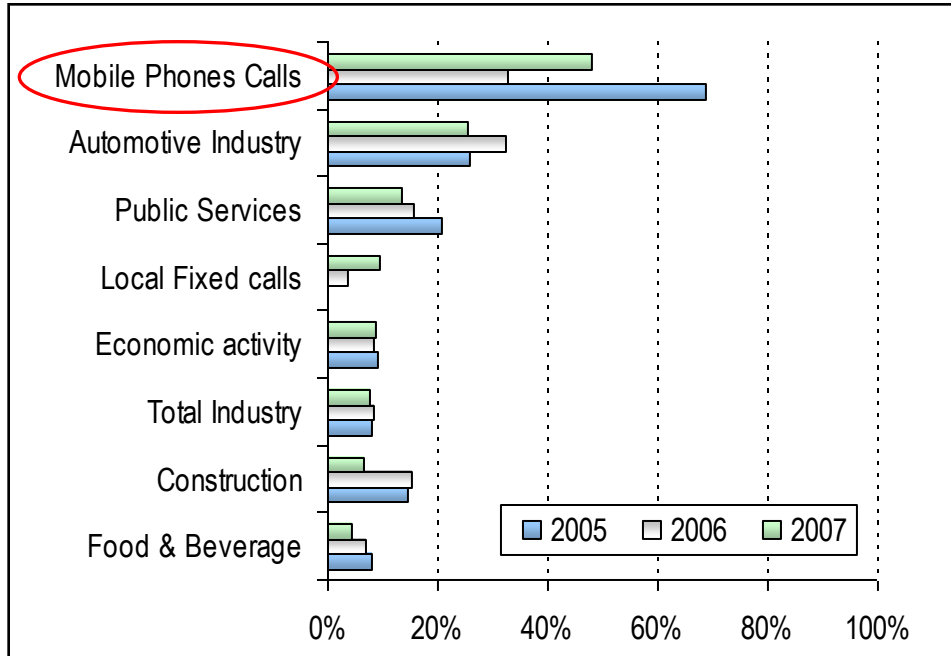


The industry is consolidating through mergers and acquisitions.

TELECOM IS ONE OF THE MOST DYNAMIC SECTORS OF THE ECONOMY

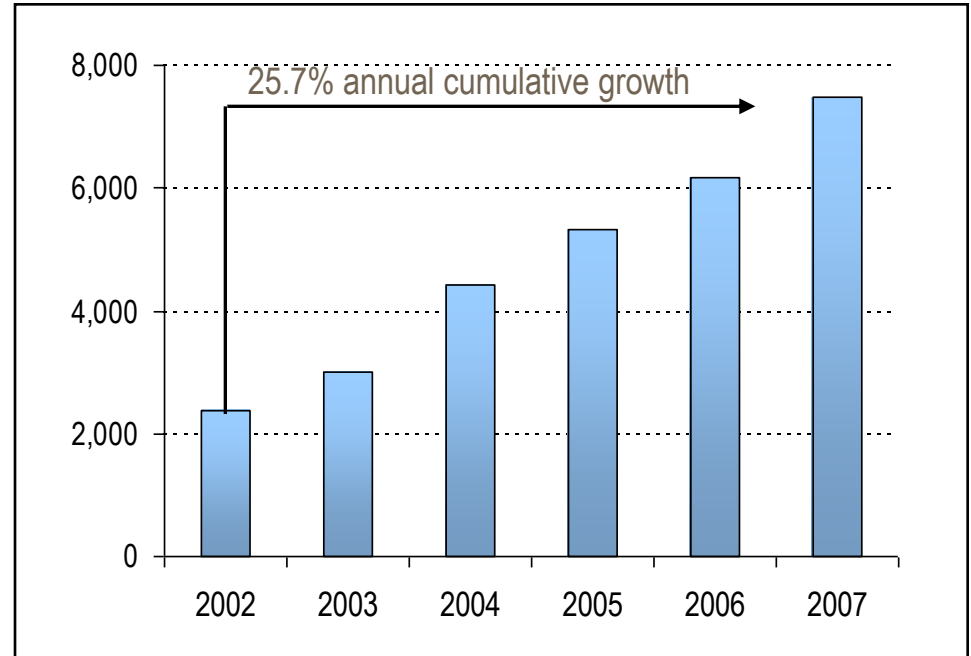
- Mobile communications at the top of growing sectors in Argentina

Growth of selected economic sectors



- Mobile communications has been a leading growth market of the Argentine economy for the past three years.
- Fixed communications mainly grows due to broadband demand.

Telecom sector revenue (MUSD)



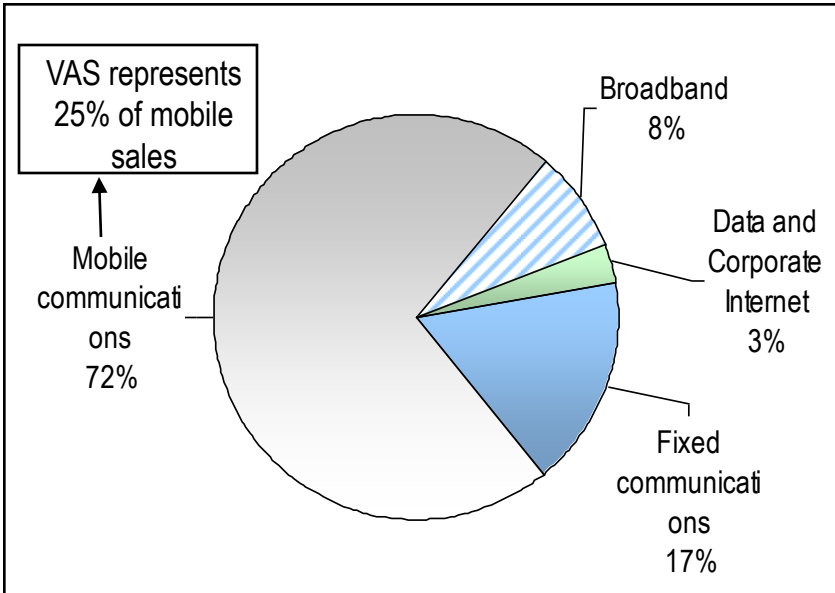
- Telecommunications growth has been outstanding over the past years and currently represents almost 3% of the GDP.
- The IT market reached 3700 MUSD in 2007. Together the IT & Telecom industry represents 4.6% of the Argentine GDP.

Telecom is expected to continue growing strongly over the coming years, particularly VAS

MOBILE COMMUNICATIONS ARE THE MAIN SOURCE OF REVENUES

- Investments are focused in this growing segment (mainly VAS) and in broadband

Revenues telecommunications industry 2007



- In 2007 mobile communications grew by 50% and gained share of total turnover of telecommunications.
- There are planned investments by other players: small Coops, Nextel and Clarin will invest strongly too in 2008.

Planned investments in the telecom sector for 2008

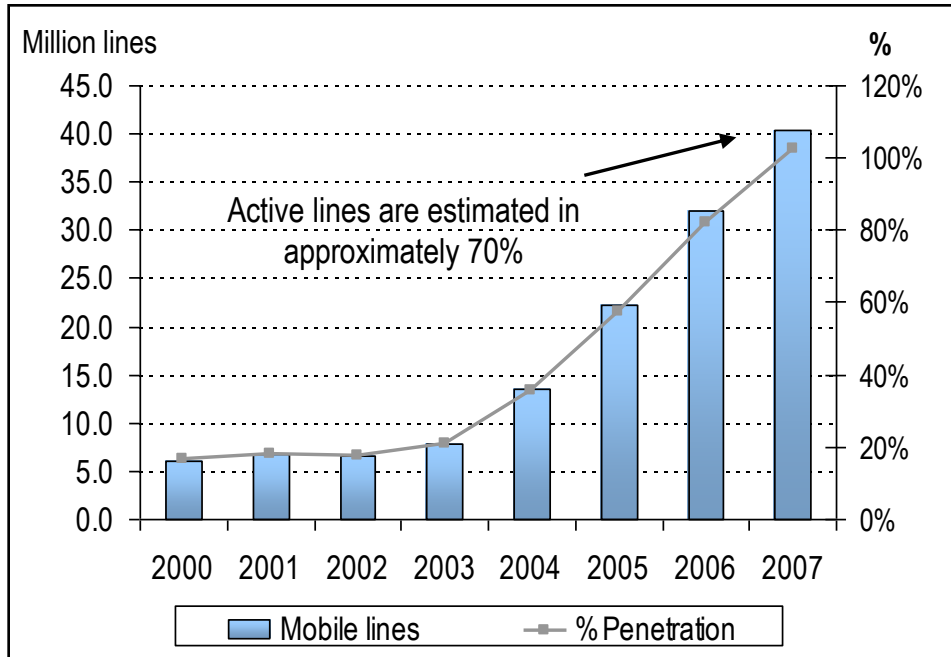
 Grupo Telefónica (Spain)	550 MUSD	<ul style="list-style-type: none"> • Focus in broadband (55% of total investment) • The rest of the investment is planned for expansion of 3G infrastructure.
 Telecom (Italy - Argentina)	320 MUSD	<ul style="list-style-type: none"> • Focus is planned for broadband infrastructure (fiber optics lines). • Planned investments also for mobile services.
 Grupo Telmex - AM (Mexico)	270 MUSD	<ul style="list-style-type: none"> • Planned investments for mobile infrastructure and services. • The amount does not take into account Telmex investments in fixed communications.

Investments are expected to keep increasing in the coming years generating business opportunities.

Source: Convergencia Research, CICOMRA, Trade Press, STC.

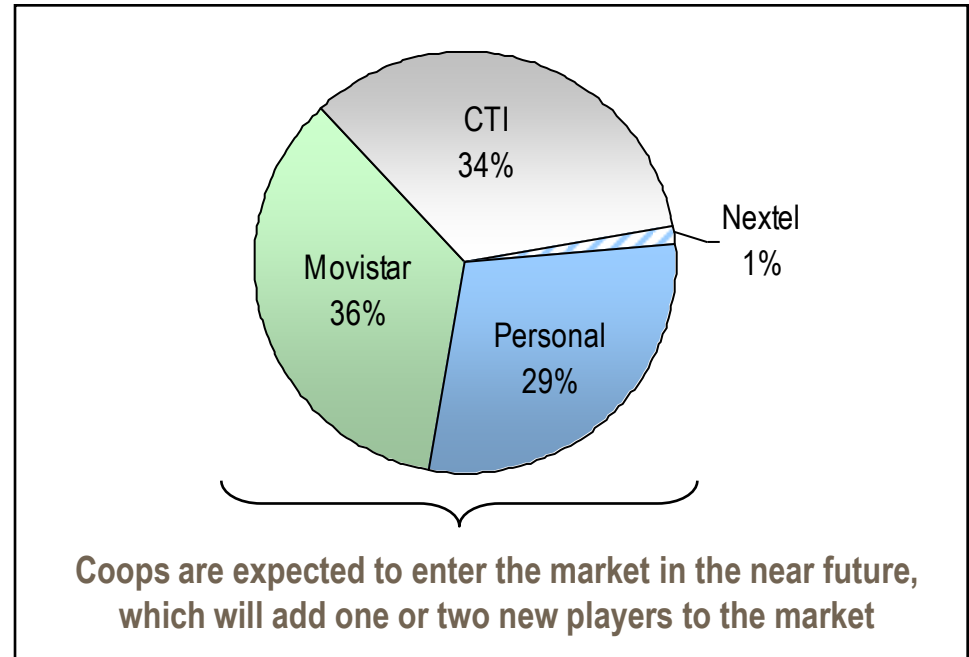
GROWTH IN MOBILE LINES LED TO A SATURATED MARKET WITH 100% PENETRATION

Growth of selected economic sectors



- Lines growth is expected to decrease due to high penetration. Companies are now focusing on increasing the ARPU through VAS.
- Prepaid lines represents the lion share of mobile customers. But, there's an important share of combined lines (prepaid and contract).

Telecom sector revenue (MUSD)



- The companies have different strategies to reach clients. They look for different types of customers. .
- Coops are expected to invest 200 MUSD in infrastructure to start offering mobile services.

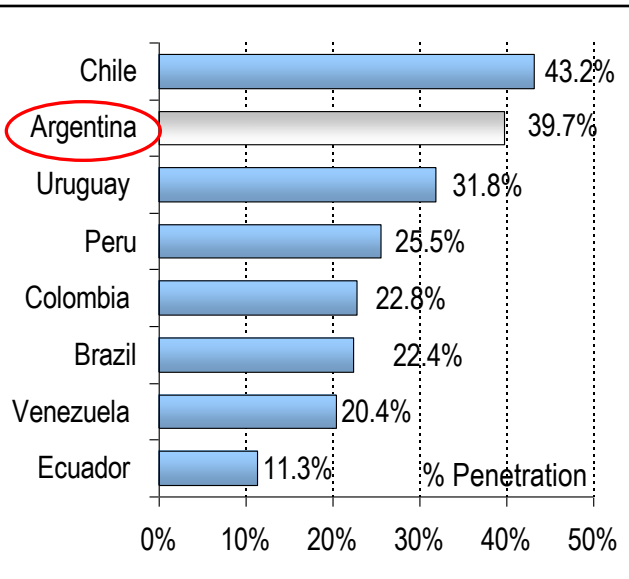
Competition on the market will lead to investments in VAS platforms generating business opportunities.

Source: CICOMRA, INDEC, Trade press, STC.

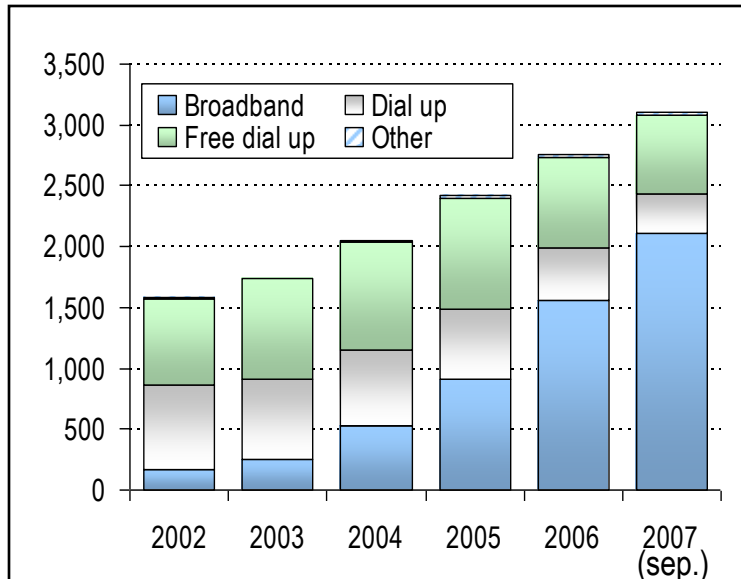
HIGH INTERNET PENETRATION AND STRONG GROWTH OF USERS

- Broadband connections grew 130% between 2007 and 2005 and accounts for all Internet growth

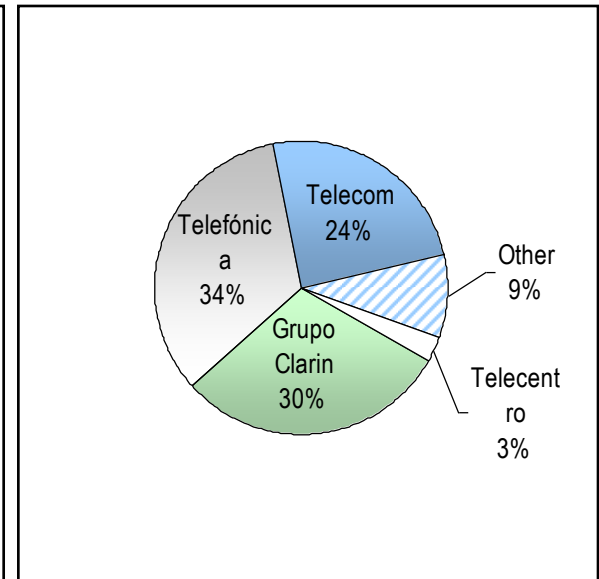
Internet penetration rate in South America (%)



Internet connections by type in Argentina (thousand connections)



Broadband connections market's share (% of subscribers)



Argentina also has the second largest penetration of broadband after Chile.

Broadband is expected to continue growing strongly and therefore is receiving large investments by leading companies to expand coverage and networks infrastructure.

Strong competition between three of the four largest players in the industry. Clarin is strong in cable modem, while Telecom and Telefonica are leaders in xDSL.

There are 16 million Internet users in Argentina - second highest penetration rate in Latin America.

Source: Indec, Cisco Barometer, Internet World Stats.

ARGENTINA PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- Fast growing economy, annual GDP growth exceeding 8,5% the past five years
- New government with strong support focusing on external commercial relations
- Large (four times Sweden's) domestic market with increasing purchasing power
- High growth of imports, particularly machinery and equipment
- Latin America's most skilled labor force at low cost

... which has contributed to...

...the fact that more than **40** Swedish companies are registered in Argentina and many more are there as sub suppliers or via distributors.

STC in Argentina is the natural partner for all Swedish companies who want to establish or develop their business in Argentina

USEFUL CONTACTS

Secretaria de Comunicaciones

(Communications Secretary)

www.secom.gov.ar

CESSI

(Argentine Chamber of IT companies)

Tel: +54 11 52 17 7802

www.cessi.org.ar

CICOMRA

(Chamber of Telecommunications companies)

Tel: +54 11 43 29 4600

www.cicomra.org.ar

Ministerio de Economía

(Ministry of Economy)

Tel: +54 11 43 49 5000

www.mecon.gov.ar

INDEC

(National Statistical Office)

Tel: +54 11 43 49 9200

www.indec.gov.ar

Comisión Nacional de Comunicaciones (CNC)

(National Communications Commission)

www.cnc.gov.ar

Swedish Trade Council in Argentina

Visiting address: Business Support Office

Paraguay 1178, 7th Floor – Office A, Buenos Aires

Tel. +54 11 5093 0080, Fax. +54 11 5093 0090, argentina@swedishtrade.se, www.swedishtrade.se/Argentina